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Press Release

Milliman analysis: Interest rate improvement powers \$106 billion pension funding improvement in January

Discount rate improves by 27 basis points, combines with strong asset returns to drive second largest single-month funding improvement on record

Seattle – February 7, 2013 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index, which consists of 100 of the nation's largest corporate defined benefit pension plans. In January, these pensions experienced a \$106 billion improvement in funded status based on an \$83 billion decrease in the pension benefit obligation (PBO) and a \$23 billion increase in assets. The \$106 billion advancement in January completely reverses a \$74 billion deficit increase over the course of 2012 and sets off these 100 plans on a strong start in 2013.

"In January we saw one of the more cooperative interest rate environments in recent memory," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "Over the course of 2012, plunging interest rates drove a ballooning pension funded status deficit. Now these rates have helped deflate that deficit. It's early, but \$106 billion in improvement is welcome news."

In January, the discount rate used to calculate pension liabilities increased from 4.18% to 4.45%, decreasing the PBO from \$1.748 trillion to \$1.665 trillion at the end of the month. The overall asset value for these 100 pensions increased from \$1.337 trillion to \$1.360 trillion.

Looking forward, if these 100 pension plans were to achieve their expected 7.8% median asset return and if the current discount rate of 4.45% were to be maintained throughout 2013 and 2014, their pension funded ratio would improve from 81.7% to 86.1% by the end of 2013 and to 91.1% by the end of 2014.

These figures are tentative and will be revisited as part of the 2013 Milliman Pension Funding Study, to be completed in March. Milliman expects that de-risking activities made by some of these companies will probably lower asset and liability figures, which may slightly negatively affect the plans' overall funded status.

To view the complete study, go to <http://ow.ly/4xFlt>. To receive regular updates of Milliman's pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. It is a founding member of Abelica Global, an international organization of consulting firms serving employee benefits clients worldwide. For further information, visit milliman.com.

**About the Milliman 100 Pension Funding Index**

For the past 12 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The Milliman 100 Pension Funding Index projects the funded status for pension plans included in our study, reflecting the monthly impact of market returns and interest-rate changes on pension funded status, utilizing the actual reported asset values, liabilities, and asset allocations of the companies' pension plans.

The results of the Milliman 100 Pension Funding Index were based on the actual pension plan accounting information disclosed in the footnotes to the companies' annual reports for the preceding fiscal year and for previous fiscal years. In addition to providing the financial information on the funded status of U.S. qualified pension plans, the footnotes may also include figures for the companies' nonqualified and foreign plans, both of which are often unfunded or subject to funding standards different from those for U.S. qualified pension plans. The results do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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